

# HOUSE BILL REPORT

## HB 1882

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### As Reported by House Committee On: Finance

**Title:** An act relating to providing a property tax exemption for real and personal property leased to public hospitals established under chapter 36.62 RCW.

**Brief Description:** Providing a property tax exemption for real and personal property leased to public hospitals established under chapter 36.62 RCW.

**Sponsors:** Representatives Santos, Hunter and Kenney; by request of Department of Revenue.

#### **Brief History:**

##### **Committee Activity:**

Finance: 2/12/09, 2/20/09 [DPS].

#### **Brief Summary of Substitute Bill**

- Exempts personal property leased to and used by a county hospital for hospital purposes from property tax.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Hunter, Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Santos and Springer.

**Staff:** Rick Peterson (786-7150)

#### **Background:**

All property in the state is subject to property tax each year based on the property's value, unless a specific exemption is provided by law. The State Constitution exempts property owned by the United States, the state, counties, school districts, and other municipal corporations from property taxes. There are several property tax exemptions that exist for nonprofit organizations. Some exemptions apply only to property owned by a nonprofit

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organization, and other exemptions apply to property either owned or leased by a nonprofit organization.

Nonprofit day care centers are exempt from property tax on the property they use for day care center purposes.

In 2001 the Legislature amended the property tax exemption for nonprofit hospitals in Engrossed Substitute House Bill 2191 by specifically exempting real and personal property leased by public hospital districts.

Harborview Medical Center claimed this tax exemption for its property; however, it was recently discovered that they do not qualify because they are not a public hospital district. Rather, Harborview Medical Center is owned by King County and was established under the general authority for a county to establish and maintain hospitals for the care and treatment of the indigent, sick, injured, or infirm.

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**Summary of Substitute Bill:**

The personal property leased to and used by a county hospital for hospital purposes is exempt from property tax. The exemption is applied both prospectively and retroactively beginning with taxes levied for collection in 2002 and thereafter.

**Substitute Bill Compared to Original Bill:**

The substitute removes language related to the property tax exemption for nonprofit day care centers and the residence of a person that provides day care for children in the person's home.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill corrects an unintended consequence from prior legislation, and makes sure that the state does not try to retroactively collect taxes from Harborview.

(Opposed) None.

**Persons Testifying:** Representative Santos, prime sponsor; and Drew Shirk, Department of Revenue.

**Persons Signed In To Testify But Not Testifying: None.**